

Message Text

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ORIGIN EB-08

INFO OCT-01 EUR-12 ISO-00 TRSE-00 AID-05 CEA-01
CIAE-00 COME-00 EA-10 FRB-03 INR-07 IO-13 NEA-10
NSAE-00 USIA-06 OPIC-03 SP-02 LAB-04 SIL-01
AGRE-00 OMB-01 SS-15 ARA-10 NSC-05 /117 R

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APPROVED BY EB/IFD/OMA:JABWINDER
TREASURY:RPELIKAN
EB:PBOEKER
AID:CMICNALOPOULOS
ANALYSIS NOTE: MSG NOT PROCESSED - THREE ADDEES ON ONE LINE
-----047480 022022Z /75

R 312326Z AUG 77
FM SECSTATE WASHDC
TO AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY PARIS
AMEMBASSY BONN
AMEMBASSY ROME
AMEMBASSY OTTAWA
AMEMBASSY TOKYO
AMEMBASSY MEXICO
AMEMBASSY BRASILIA
INFO USMISSION GENEVA
AMEMBASSY THE HAGUE
AMEMBASSY LONDON

C O N F I D E N T I A L STATE 208976

ALSO USEEC ALSO USOECD

E.O. 11652: N/A

TAGS: EFIN, EAID

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SUBJECT: IBRD/IMF DEVELOPMENT COMMITTEE DISCUSSION OF
THE DEBT ISSUE.

1. THE ISSUE OF HOW TO DEAL WITH DEVELOPING COUNTRY DEBT
HAS BEEN A CONTENTIOUS ONE OVER THE PAST COUPLE OF YEARS.
IT WAS ONE OF THE MAJOR ISSUES AT BOTH UNCTAD IV AND CIEC
BUT THERE WAS NO MEETING OF THE MINDS BETWEEN THE DEVELOPED

AND DEVELOPING COUNTRY PARTICIPANTS. WE BELIEVE IT IS IN THE INTERESTS OF BOTH DEVELOPED AND DEVELOPING COUNTRIES TO SEE THIS ISSUE DEALT WITH IN A CONSTRUCTIVE NON-CONFRONTATIONAL FASHION AND TO DEVISE APPROACHES WHICH PROVIDE CONCRETE SOLUTIONS TO LEGITIMATE PROBLEMS.

2. WE WOULD LIKE TO SEE THE BANK/FUND DEVELOPMENT COMMITTEE AGREE AT ITS SEPTEMBER 25 MEETING TO CONDUCT A SERIOUS STUDY OF THE DEBT ISSUE. WE THINK THE LIMITED SIZE OF THE COMMITTEE, THE COMPOSITION OF ITS MEMBERS AND ITS CLOSE LINK WITH BANK AND FUND STAFF MAKE IT A LOGICAL FORUM TO PURSUE THE DEBT ISSUE. WE WOULD LIKE TO REACH AGREEMENT AT THE SEPTEMBER 15 MEETING OF THE DEVELOPMENT COMMITTEE DEPUTIES GROUP IN PARIS ON THE FUTURE WORK PROGRAM OF THE COMMITTEE ON DEBT ISSUE.

3. SPECIFICALLY WE WOULD LIKE TO SEE THE COMMITTEE FOCUS ON REAL DEBT AND EXTERNAL FINANCE QUESTIONS, IN CONTRAST TO UNCTAD'S FOCUS ON GENERAL DEBT RESCHEDULING AND DEBT AS A RESOURCE TRANSFER MECHANISM.

WE SUGGEST THE FOLLOWING THREE AREAS:

-- DEBT MANAGEMENT, SETTING FORTH DEBTOR AND CREDITOR COUNTRY'S RESPONSIBILITIES. FOR EXAMPLE, CREDITOR COUNTRIES MIGHT ACKNOWLEDGE A RESPONSIBILITY TO CONSIDER WHETHER THE MAGNITUDE AND TERMS OF DEBT OFFERED TO A CONFIDENTIAL

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DEVELOPING COUNTRY ARE CONSISTENT WITH ITS ABILITY TO PAY AND INDICATE A WILLINGNESS TO OFFER APPROPRIATE TECHNICAL ADVICE ON WAYS TO IMPLEMENT GOOD DEBT MANAGEMENT TECHNIQUES. DEBTOR COUNTRIES MIGHT ACKNOWLEDGE A RESPONSIBILITY TO MAINTAIN AND PROVIDE UP-TO-DATE DATA ON THEIR EXTERNAL POSITION (INCLUDING DEBT), TO USE EXTERNAL RESOURCES EFFICIENTLY, AND TO RESTRICT BORROWING WHEN THE SITUATION SUGGESTS NEED FOR RESTRAINT.

-- WAYS OF DEALING WITH A COUNTRY'S EXTERNAL FINANCIAL DIFFICULTIES BEFORE THE SITUATION REACHES A CRISIS STAGE. THE WORK EMBODIED IN THE US/EC PAPER SUBMITTED TO THE CIEC DEVELOPMENT COMMISSION SHOULD SERVE AS A POINT OF REFERENCE IN THE COMMITTEE'S WORK, WHICH WOULD EMPHASIZE THE RESPONSIBILITY OF GOVERNMENTS TO RECOGNIZE AND TAKE CORRECTIVE MEASURES AT AN EARLY STAGE. THIS IS OF COURSE CLOSELY RELATED TO GOOD DEBT MANAGEMENT.

-- "FEATURES TO GUIDE CREDITOR CLUB OPERATIONS", WHICH IS ONE ASPECT OF THE US/EC PAPER SUBMITTED TO CIEC. THE UNCTAD HAS BEEN ASKED UNDER UNCTAD RESOLUTION 94 (IV) TO REVIEW WORK ON FEATURES AT A TDB MINISTERIAL MEETING,

TENTATIVELY SET FOR JANUARY 1978. THE DEVELOPMENT COMMITTEE MIGHT USEFULLY PURSUE THIS ISSUE THIS FALL. ANY ACTION BY THE DEVELOPMENT COMMITTEE COULD OF COURSE BE NOTED AT NEXT JANUARY'S TDB MINISTERIAL.

-- WE WOULD ENVISAGE THE DEVELOPMENT COMMITTEE AT ITS SEPTEMBER 25 MEETING AUTHORIZING A WORKING GROUP TO STUDY THE ISSUE ALONG THESE LINES.

4. WE RECOGNIZE THAT SOME COUNTRIES HAVE EXPRESSED THE CONCERN THAT INTERJECTING THE DEBT ISSUE INTO THE DEVELOPMENT COMMITTEE WOULD ONLY SERVE TO POLITICIZE WHAT HAS HERETOFORE BEEN A BODY RELATIVELY FREE OF ACRIMONIOUS DISCUSSION. WE CONCEDE THERE IS THIS RISK, BUT BELIEVE
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THE RISK IS WORTH TAKING IF WE ARE ABLE TO GET THE ISSUE ADDRESSED IN A PRAGMATIC AND CONSTRUCTIVE FASHION.

5. ACTION ADDRESSES SHOULD CONVEY ABOVE VIEWS TO HOST GOVERNMENT OFFICIALS AND REPORT REACTIONS. CHRISTOPHER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: LESS DEVELOPED COUNTRIES, COMMITTEES, DEBTS, MEETINGS, DEBT REPAYMENTS, MEETING REPORTS
Control Number: n/a
Copy: SINGLE
Sent Date: 31-Aug-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Enclosure: DG ALTERED
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770319-0160
Format: TEL
From: STATE
Handling Restrictions: n/a
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Legacy Key: link1977/newtext/t1977081/aaaaaasi.tel
Line Count: 141
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 9153fb4d-c288-dd11-92da-001cc4696bcc
Office: ORIGIN EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
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Previous Classification: CONFIDENTIAL
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Reference: n/a
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Review Exemptions: n/a
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Secure: OPEN
Status: NATIVE
Subject: IBRD/IMF DEVELOPMENT COMMITTEE DISCUSSION OF THE DEBT ISSUE.
TAGS: EFIN, EAID, IBRD, IMF
To: BRUSSELS COPENHAGEN MULTIPLE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/9153fb4d-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
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